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No. ..-...

IN THE

Supreme Court of the United States

October Term, 1981

FABERGE, INCORPORATED, a Delaware corporation,
Petitioner,

vs.

CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

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Questions Presented.

The apparent attempt by the courts below to invade the exclusive jurisdiction of the Patent and Trademark Office and the Court of Customs and Patent Appeals under the Lanham Act raises the following questions:

1. Does a threat by a trademark owner to file a statutory Opposition in the Patent and Trademark Office opposing registration of a trademark, which Opposition is based upon alleged confusing similarity of the parties' (applicant and opposer) respective marks, in the absence of any other facts, create an actual controversy between the parties (applicant and opposer) justiciable by a Federal Court under the Declaratory Judgment Act?

2. May a United States District Court premise its subject matter jurisdiction solely on the pendency of an Opposition proceeding in the Patent and Trademark Office between a trademark owner and an applicant to register a mark, and thereafter grant Summary Judgment which, *inter alia*, enjoins such trademark owner from pursuing that Opposition proceeding or appealing a decision therein to the Court of Customs and Patent Appeals?

3. May a District Court, (assuming *arguendo* it has jurisdiction of the subject matter and parties) without consideration of any evidence or stipulation of facts, grant summary judgment of non-infringement as a matter of law in a trademark matter premised solely on the Court's inferences drawn from comparison of the printed marks of the respective parties?

4. May a District Court premise declaratory judgment jurisdiction on a three year old Opposition to registration of a trademark and thereafter render summary judgment of non-infringement where the proponent of the subject mark had admittedly made no use thereof for at least four years and was presumed to have abandoned it at the time the motion for summary judgment was heard and decided?

Parties to the Proceedings Below and in the Patent and Trademark Office.

The parties to the proceedings in the Courts below, in the Patent and Trademark Office, and in the Court of Customs and Patent Appeals were and are:

Faberge, Incorporated,* a corporation, Petitioner herein and owner of the registered trademark MACHO;

Opposer in the Patent and Trademark Office;

Appellee in the Court of Customs and Patent Appeals; and

Defendant and Appellant respectively in the District Court and Court of Appeals below.

Chesebrough-Pond's, Inc., a corporation, Respondent herein and protagonist of the trademark MATCH;

Applicant for registration in the Patent and Trademark Office;

Appellant in the Court of Customs and Patent Appeals; and

Plaintiff and Appellee respectively in the District Court and Court of Appeals below.

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*For purposes of Rule 28.1 of this Court, it is noted that:

(a) Petitioner has no parent corporation;

(b) In addition to several wholly-owned subsidiaries not listed here, Petitioner has a partially owned subsidiary entitled B.C.S.I. Laboratories, Inc., 4 Sperry Road, Fairfield, New Jersey.

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CHESEBROUGH-POND'S, INC., a New York corporation,
Respondent.

PETITION FOR A WRIT OF CERTIORARI.

Faberge, Incorporated (hereinafter Faberge) hereby petitions that a writ of certiorari be issued to review the Judgment and Opinion of the United States Court of Appeals for the Ninth Circuit entered January 22, 1982.

OPINIONS BELOW.

The Opinion of the United States Court of Appeals for the Ninth Circuit is reported at 666 F.2d 393 (1982) and is printed in the Appendix at pages 1 through 11.

The Rulings of the United States District Court for the Central District of California placed in issue hereby, (Memorandum to Counsel, Findings of Fact and Conclusions of Law, and Final Judgment) are unreported and are printed in the Appendix at pages 13 through 23.

The Judgment of the Court of Appeals for the Ninth Circuit affirming the District Court, was entered on January 22, 1982, Petition for rehearing was timely filed and denied

by the Court of Appeals for the Ninth Circuit on March 18, 1982 (see Appendix, page 12).

A related decision and opinion entered in April 1980 in the United States Court of Customs and Patent Appeals is reported in 618 F.2d at page 776 and is printed in the Appendix at pages 24 through 32.

JURISDICTION.

This Petition for writ of certiorari is being filed within ninety (90) days of denial of the Petition ior rehearing. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

CONSTITUTIONAL, STATUTORY AND REGULATORY PROVISIONS INVOLVED.

Constitution of the United States, Article III,

> "Section 1. The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish."
>
> . . .
>
> "Section 2. The judicial Power shall extend to all Cases, in Law and Equity, arising under . . . the Laws of the United States."

United States Code, Title 28,

Chapter 9. Court of Customs and Patent Appeals

> *"Section 211. Appointment and Number of Judges*
>
> "The President shall appoint, by and with the advice and consent of the Senate, a chief judge and four associate judges who shall constitute a court of record known as the United States Court of Customs and Patent Appeals. Such court is hereby declared to be a court established under article III of the Constitution of the United States."

Chapter 93. Court of Customs and Patent Appeals

"*Section 1542. Patent Office Decisions*

"The Court of Customs and Patent Appeals shall have jurisdiction of appeals from decisions of:

. . .

"(2) the Commissioner of Patents as to trademark applications and proceedings as provided in section 1071 of Title 15."

Chapter 151. Declaratory Judgments

"*Section 2201. Creation of remedy*

"In a case of actual controversy within its jurisdiction, . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such."

United States Code, Title 15, Lanham Act

"*Section 1062(a). Examination of Application — Publication of mark when entitled to registration*

"Upon the filing of an application for registration and payment of the fee herein provided, the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and, if on such examination it shall appear that the applicant is entitled to registration, the Commissioner shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office."

"*Section 1063. Opposition to registration of marks on the principal register*

"Any person who believes that he would be damaged by the registration of a mark upon the principal register may, upon payment of the required fee, file a verified opposition in the Patent and Trademark Of-

fice, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 12 [15 U.S.C. 1062(a)] of this Act of the mark sought to be registered."

"*Section 1064. Cancellation of registrations*

"A verified petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed by any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this Act."

"*Section 1067. Interference, opposition, concurrent use application, cancellation — Procedure*

"In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Commissioner shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration."

"*Section 1071. Appeal to court and review by civil action*

"(a)(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 8, or an applicant for renewal, who is dissatisfied with the decision of the Commissioner or Trademark Trial and Appeal Board, may appeal to the United States Court of Customs and Patent Appeals thereby waiving his right to proceed under section 21(b) hereof." (providing for remedy by civil action).

"*Section 1127. Construction and definitions*

"In the construction of this Act, unless the contrary is plainly apparent from the context:

. . .

"*Abandonment of mark.* A mark shall be deemed to be 'abandoned' —

(a) when its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be prima facie abandonment."

Code of Federal Regulations

"*37 CFR 2.127. Motions.*

"(a) Motions shall be made in writing and shall contain a full statement of the grounds therefor. . . . Briefs in opposition to a motion shall be filed within 15 days from the date of service of the motion unless another time is specified by the Trademark Trial and Appeal Board or the time is extended on request. Where a party fails to file a brief in opposition to a motion, the Trademark Trial and Appeal Board may treat the motion as conceded."

STATEMENT OF THE CASE.

This petition seeks a writ to review a summary judgment and injunction entered by the District Court below and affirmed by the Court of Appeals below.

I.

Action in the District Court and Court of Appeals for the Ninth Circuit.

The issue here concerns a summary Declaratory Judgment of the District Court below entered on three counts[1] of a complaint filed in October 1978 by Respondent, Chese-

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[1]The original complaint contained other counts all of which were dismissed on Respondent's motion at final hearing.

brough-Pond's, Inc. (hereinafter Chesebrough). The Complaint was filed at a time when a three year *inter partes* administrative struggle in the Patent and Trademark Office (hereinafter PTO) had not yet completely resolved the controversy between the parties. In the PTO, Chesebrough sought, over Faberge's objection and Opposition, to register its mark MATCH.

By the action in the District Court, Chesebrough sought, *inter alia*, a declaration that if it *used* its trademark MATCH on men's toiletries, it would not infringe Petitioner Faberge's rights in Faberge's registered trademark MACHO.

Immediately following the filing of the Complaint in the Court below and before answering the same, Faberge moved to dismiss the Complaint for lack of subject matter jurisdiction alleging that the only occurrences alleged to support jurisdiction, *i.e.*, the threatening, and filing in the PTO of an Opposition to Chesebrough's application to register MATCH, did not constitute, or raise a controversy justiciable in the District Court which would support a Declaratory Judgment action.

The District Court's initial ruling with respect to Faberge's Motion to Dismiss neither granted nor denied the motion, but stayed the action pending further developments in the PTO.

Chesebrough lodged a request for a future order from the District Court compelling Faberge to proceed with greater alacrity in the PTO. No action was taken on that request.

Thereafter Faberge expressly and specifically reserved its right to have any denial of its motion to dismiss reviewed — and filed an Answer in the District Court. In that Answer Faberge specifically averred that, except for what was regarded as a compulsory counterclaim, it had *not* yet charged that Chesebrough had violated its rights in its trademark

MACHO. (See Answer, paragraph 34, App., pp. 44 *et seq.* at pp. 47 and 48.)

Following the filing of the Answer in the District Court Chesebrough moved under Rule 56, Federal Rules of Civil Procedure for summary judgment on Counts 3, 4 and 5 of the Complaint. Responding to said motion Faberge again raised its objection to the District Court assuming jurisdiction based solely on the pending Opposition.

The District Court bypassed Faberge's Motion to Dismiss, and granted Chesebrough's motion, adopted "Findings of Fact" proposed by Chesebrough's counsel, and entered Summary Judgment in favor of Chesebrough. The Judgment stated in substance that no likelihood of confusion or infringement did, or could exist involving the respective marks.

As an additional part of the Summary Judgment, the District Court enjoined Faberge from, among other things,

> "[I]nstituting or prosecuting any suit or other proceedings placing in issue the right of Chesebrough . . . *to register* or use the mark MATCH in connection with cosmetics, toiletries and related products." (App. p. 22, emphasis added).

On appeal to the Court of Appeals for the Ninth Circuit, the Summary Judgment of the District Court was in all respects affirmed.

II.

Prior and Contemporaneous Action in the PTO and Court of Customs and Patent Appeals.

As above stated, the controversy between the parties concerning the respective marks first arose in the PTO some three years prior to commencement of the Declaratory Judgment action in the District Court below. The PTO proceed-

ings were still pending when the District Court action was filed.

In August of 1975, Chesebrough's mark MATCH, which it sought to register in the PTO was published in the Official Gazette of the PTO pursuant to Title 15 U.S.C. Sec. 1062(a). Upon seeing the statutory publication of MATCH, Faberge sent Chesebrough a letter on August 25, 1975 (App. p. 58) stating that it believed Chesebrough's MATCH and Faberge's MACHO to be "confusingly similar" and therefore objected to registration of MATCH. The letter further stated that unless Chesebrough voluntarily withdrew its application to register, Faberge would file an Opposition thereto. When Chesebrough refused, Faberge did file a statutory Opposition in the PTO under the provisions of 15 U.S.C. Sec. 1063.

Chesebrough filed an Answer to the Opposition and by way of Counterclaim in said Answer, petitioned to cancel Faberge's registration of the trademark MACHO.

The Opposition and Cancellation proceedings continued together before the PTO Trademark Trial and Appeal Board (hereinafter TTAB) for over three years until the present District Court action was filed whereupon the proceedings were, in part, suspended at the request of Chesebrough.

When the proceedings were partially suspended in October of 1978, the Cancellation proceedings before the TTAB were *not* suspended, but summary judgment therein was rendered *against* Chesebrough and in favor of Faberge. The judgment was, in effect, by default since Chesebrough had conceded Faberge's motion for summary judgment by failure to file a responsive pleading as required by the TTAB rules (37 CFR 2.127(a)).

Chesebrough appealed the adverse judgment of the TTAB under 28 U.S.C. Sec. 1542 to the Court of Customs and

Patent Appeals (hereinafter the CCPA). In April of 1980 the CCPA affirmed the judgment of the TTAB, specifically stating, *inter alia*, that:

> "The grant of summary judgment [by the TTAB] has finally decided Chesebrough's right to assert its counterclaim [for cancellation of MACHO] thus precluding further consideration of that issue." 618 F.2d 776 at 779. App. pp. 24 *et seq.* at p. 30.

III.

The Actions Commenced in the PTO and the District Court Respectively, Stem From the Identical Factual Base.

Turning again to a consideration of the Summary Judgment *sub judice*, it is to be observed that the District Court was at some pains to confine the judgment strictly to the Declaratory Judgment claims and to make clear that jurisdiction to adjudicate such claims was premised solely on the August 25, 1975 letter (App. p. 58) concerning Faberge's opposition to registration of MATCH in the PTO. At the final hearing of Chesebrough's Summary Judgment motion in the District Court, all counts of the Complaint, other than 3, 4 and 5 — the declaratory judgment counts — were dismissed, as was the second counterclaim of Faberge, which was a claim for malicious prosecution.

Following the somewhat anomalous practice[2] in the Central District of California, Chesebrough proposed, and the District Court adopted "Findings of Fact" to support its Summary Judgment. As to the basis for exercising de-

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[2]See *Hycon Manufacturing Co. v. H. Koch & Sons*, 219 F.2d 353 at 355 (9th Cir., 1955) and *Garter-Bare Co. v. Munsingwear, Inc.*, 650 F.2d 975 at 980 and 982 (9th Cir., 1980) for discussions of the purpose and effect of "findings of fact" when used in a summary judgment proceeding.

claratory judgment jurisdiction, the Court added this footnote to the adopted Findings of Fact:

> "The Court's conclusion of the presence of a justiciable controversy is based entirely upon the letter from Faberge to Chesebrough dated August 25, 1975 asserting that 'Match' was confusingly similar to 'Macho' and expressing an intention to initiate opposition proceedings." App., page 15.

SUMMARY OF ARGUMENT.

The decisions below invade the exclusive province of the PTO and CCPA under the Lanham Act.

The judgment *sub judice* is unconstitutionally advisory since it purports to declare the legal consequences of uncertain future events.

Summary Judgment was improper because jurisdictional facts were sharply disputed.

It also bears emphasis that this matter was concluded in the District Court below by *Summary Judgment* and that no facts were tried and determined. Only the facts of sending and receipt of the letter of August 25, 1975 from Faberge to Chesebrough, are undisputed.

Based solely upon that letter and the Opposition in the PTO, the Courts below inferred a "justiciable controversy," assumed jurisdiction and purported to establish the following rule of law: If a trademark owner objects to, and opposes registration of another's mark which he believes to be confusingly similar to his own, any U.S. District Court has the jurisdictional power to intervene and preempt PTO jurisdiction. The decision *sub judice* further provides that the intervening District Court may enjoin further prosecution of the PTO Opposition proceedings without consideration or determination of any fact other than the facial similarity *vel non* of the two competing trademarks.

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

The action and judgment of the District Court represents a substantial encroachment on the exclusive jurisdiction of the PTO and CCPA under the Lanham Act. Such jurisdictional conflict is a matter which has heretofore not been addressed by this Court, but now should be for the following reasons:

I.

The Decision Below to Take Jurisdiction Conflicts With Prior Decisions of the Courts of Appeals for the Second, Fifth and Seventh Circuits.

The holding of the Court of Appeals for the Ninth Circuit affirming the conclusion of a "justiciable controversy" and resultant declaratory judgment jurisdiction, is in square conflict with the decision in the Seventh Circuit in *Merrick et al. v. Sharp & Dohme, Inc.*, 185 F.2d 713 (7th Cir., 1950).

In *Merrick* the Court of Appeals for the Seventh Circuit reversed the District Court for the Northern District of Illinois and held that under the Lanham Act, the registration of trademarks was the exclusive province of the PTO and the CCPA saying:

> "A notice of opposition . . . should not be construed as a charge of infringement or a threat to proceed to redress past infringements or to prevent future infringements." 185 F.2d at 717.

The *Merrick* Court further stated:

> "In our opinion the Notice of Opposition here involved *did not* constitute a charge of infringement.
>
> "There was therefore *no justiciable controversy* between appellant and appellees. The judgment of the District Court is reversed and the cause remanded with

directions to dismiss the complaint." 185 F.2d at 718 (emphasis added).

Thus, under the *Merrick* rule, the mere filing in the PTO of a Notice of Opposition, without more, *does not* raise a justiciable controversy giving rise to jurisdiction in the District Court under the Declaratory Judgment Act.

The *Merrick* rule has been followed in the Seventh Circuit in several subsequent cases, see for example: *Sperry Rand Corporation v. Sunbeam Corporation*, 285 F.2d 542 (7th Cir., 1960) reversing an order and injunction of the District Court for the Northern District of Illinois; and *Home Makers, Inc. v. The Chicago Home for the Friendless*, 169 USPQ 262 (7th Cir., 1971) *affirming* the District Court for the Northern District of Illinois, 313 F.Supp. 1087 (1970).

The *Merrick* rule is also approved and followed in the Second Circuit, see *Topp-Cola Company v. Coca Cola Company*, 314 F.2d 124 (2nd Cir., 1963); and in the Fifth Circuit, see *Red Lobster Inns of America v. New England Oyster House*, 524 F.2d 968 (5th Cir., 1975).

Prior to the instant case, the *Merrick* rule was considered by the Ninth Circuit in *Gillette Company v. "42" Products Ltd.*, 435 F.2d 1114 (9th Cir., 1970), but that case was decided on other grounds.

In moving to dismiss the present action in the District Court and in appealing from denial of such motion in the Court of Appeals, Faberge cited the *Merrick* decision and rule. The District Court ignored *Merrick* and in affirming the District Court, the Court of Appeals criticized, attempted

factually to distinguish,[3] and expressly rejected the *Merrick* rule.

Thus a clear-cut issue is presented as to which guidance by this Court is clearly required to resolve the conflict among the Circuits as to the applicability of the *Merrick* rule in Declaratory Judgment cases. The conflict is serious since it can drastically affect uniform and efficient administration of the Lanham Act.

II.

The District Court Exceeded Its Jurisdictional Power When It Purported to Enjoin and Restrain Faberge From Initiating or Proceeding in the PTO With Opposition to Registration of MATCH.

The District Court below first exceeded the acknowledged limits of its jurisdiction and then exacerbated the error when it proceeded to issue an injunction purporting to restrain Faberge from pursuing Opposition proceedings in the Patent and Trademark Office oppossing registration of MATCH by Chesebrough. The Court of Appeals below exceeded *its* jurisdiction in affirming the Judgment granting such injunction.

In essence, the District Court below announced, and the Court of Appeals below affirmed, a proposition under which any District Court always has, as a matter of law, the power

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[3]Although the judgment *sub judice* was a Summary Judgment involving *no fact determination*, the Court of Appeals below attempted to distinguish the *Merrick* rule on the facts and apply instead, the rule announced in *Societe de Conditionnement v. Hunter Engineering Co., Inc.*, 655 F.2d 938 (9th Cir., 1981). *Societe* did not involve a Summary Judgment or a trademark opposition, but was a patent case wherein the District Court's dismissal for want of a "justiciable controversy" was reversed and the case remanded with instructions to "reevaluate the evidence" and make findings of fact with respect to jurisdiction.

to control, limit, and dictate proceedings normally within the exclusive jurisdiction of the PTO and the CCPA.

If the new rule of law enunciated by the District Court in this case were to be adopted in those Circuits which do not now specifically endorse the *Merrick* rule, the potential uncertainty and interference with the PTO tribunals in administering the Lanham Act is enormous.

Excluding the Second, Fifth and Seventh Circuits which presumably will continue to follow the *Merrick* rule, there are some sixty-six United States District Courts in the United States available (if the rule *sub judice* is followed) to entertain a declaratory judgment action every time a trademark opposition or cancellation proceeding is filed in the PTO. Currently there are substantially in excess of 1,000 such *inter partes* proceedings dealt with each fiscal year by the PTO under the Lanham Act.[4] The potential adverse effect upon the orderly and uniform administration of trademarks under the Lanham Act threatened by the judgment of the Court below is obvious.

Clearly the intervention of this Court is highly desirable to head off a flood of improvidently filed declaratory judgment actions in various United States District Courts which are already suffering from extreme congestion.

The District Court below expressly acknowledged exclusive jurisdiction in the PTO over registration proceedings and purported to disclaim such jurisdictional power for itself. In its Memorandum to Counsel anent the final judgment the District Court said:

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[4]See Annual Reports of the Commissioner of Patents and Trademarks for the fiscal years 1980 (Table 8, App. page 59) and 1981 (Table 20, App. page 60).

> "I agree with the defendant [Faberge] that this court lacks jurisdiction over trademark registration and opposition proceedings." App. page 13.

and

> "This court has no desire to encroach in any manner upon the functions of the Patent Office in this matter. However, the fact that the Patent Office has deferred to this court's determination of the infringement issue reassures this court that the interests of justice warrant the action here taken." App. page 14.

Yet notwithstanding such disclaimer the District Court proceeded to enjoin Faberge from further participation in the Opposition to registration of MATCH.

The error of the District Court in preempting jurisdiction in this case is underscored and exacerbated by the fact that its ruling is materially in conflict with the rulings of the PTO and the Court of Customs and Patent Appeals with respect to the same factual background, that is the same Opposition/Cancellation proceedings involving MATCH and MACHO upon which the District Court's rulings are predicated.

When the parties joined issue before the TTAB in 1975 each affirmatively attacked *registration* of the mark claimed by the other. That is to say, Faberge sought to *prevent* registration of Chesebrough's mark MATCH and Chesebrough on the other hand, sought to *cancel* Faberge's existing registration of MACHO.

Registration of trademarks is a matter which Congress has confided to the PTO and over which the courts of the United States have no jurisdiction except that appellate jurisdiction conferred under the trademark laws. *Merrick, supra*, 185 F.2d 713 at 717.

Opposition and cancellation proceedings are trials before an administrative board in which the opposer or petitioner

for cancellation is in the position of plaintiff and must, for jurisdictional purposes, demonstrate its "standing to sue".

In the instant PTO Opposition and Cancellation proceedings each of the parties based its respective "standing to sue" — that is, Chesebrough's right to assert its counterclaim for cancellation, and Faberge's right, by opposition proceedings, to prevent registration — on the alleged confusing similarity of the marks as they appear in the respective registration and application for registration.

Neither party here alleged — in support of its attack on the other's mark — any fact relating to the *use* of MATCH. Faberge's letter to Chesebrough dated August 25, 1975 made no specific objection to, or even mention of Chesebrough's alleged *use* of MATCH as a trademark. In short Faberge did not in its Opposition papers advert to any fact other than the attempt by Chesebrough to *register* MATCH.

In October of 1978 a three year trial in the PTO had not yet resolved the controversy between the parties as to registrability of MATCH. At that point Chesebrough decided to suspend its efforts in the PTO and start anew in the United States District Court in California. Accordingly, Chesebrough filed its Complaint in the District Court, and, at the same time, moved to suspend the TTAB proceedings pending the outcome of the civil action.[5] At that time the proceedings before the TTAB were in this posture: The Opposition was still in the testimony taking phase, while the Cancellation proceedings had progressed somewhat further and were subject to potential dismissal pursuant to Faberge's then pending Motion for Summary Judgment thereon. A

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[5]The background circumstances of the transfer of proceedings from the PTO to the District Court are described in some detail in the published opinion of the CCPA in *Chesebrough-Pond's, Inc. v. Faberge, Incorporated*, 618 F.2d 776 at 777 and 778. App. pages 24 to 32.

hearing on Faberge's Motion for Summary Judgment had been several times continued — upon Chesebrough's motion — ostensibly to permit Chesebrough additional time to file a brief responding to the motion.

As to Chesebrough's motion to suspend proceedings before the TTAB, the latter ruled as follows.

First it, in effect, denied the motion to suspend as to the Cancellation by *granting* Faberge's Motion for Summary Judgment, finally denying Chesebrough's Petition to Cancel the registration of MACHO.

As to the Opposition proceedings, the same were suspended in accordance with Chesebrough's request pending the outcome in the District Court.

The TTAB Summary Judgment in Faberge's favor was appealed by Chesebrough to the CCPA which in 1980 affirmed Summary Judgment as earlier stated herein.

Since exclusive jurisdiction over registration matters is vested in the PTO and CCPA, the decision of the latter should prevail in any conflict with a ruling of the District Court.

III.

The Courts Below Erred in Entering and Affirming Summary Judgment of No-Likelihood-of-Confusion and That Decision Is in Conflict With Decisions of the Court of Appeals for the Second Circuit Among Others.

The District Judge below made it clear that he regarded the question of likelihood of confusion *vel non* to be one of law and not one involving fact determinations. In explaining his ruling the District Judge said:

> "*I am unable to agree* with the defendant *that there are issues of fact here* that render summary judgment inappropriate. For the reasons set forth in paragraphs

> 6, 7, 8 and 9 of the findings, it simply is not reasonable to conclude that 'Match' is confusingly similar to 'Macho,' whether in the context of the trademarks here concerned, or otherwise. I am convinced that *no reasonable jury would find to the contrary, and if they were to do so I would feel obliged to set aside such a verdict.*" Memorandum to Counsel, App. at p. 14 (emphasis added).

The District Court has thus adjudged that, *as a matter of law*, no confusion could possibly result from the concurrent use of the respective marks, MATCH and MACHO. This, we submit, was clear error — error which would not have occurred had the Honorable District Judge not strayed beyond his jurisdictional province.

On Summary Judgment the inferences to be drawn from the underlying facts contained in materials presented to the Court must be viewed in the light of most favorable to the party opposing the motion. *United States v. Diebold, Inc.*, 369 U.S. 654 (1962).

Had the District Court below correctly drawn inferences from the August 1975 letter as prescribed by this Court in the *Diebold* case, it would have applied the *Merrick* rule and dismissed the action for want of a "justiciable controversy".

The existence *vel non* of a "justiciable controversy" under the Declaratory Judgment Act must in almost every case be determined on the basis of the *facts* in that case. *Maryland Casualty Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270 at 273 (1941).

The conclusion of the District Court below that "likelihood-of-confusion" *vel non* may be determined by Summary Judgment as a pure question of law and the affirmance of that conclusion by the Court of Appeals below are in square conflict with decisions in the Second Circuit. See

American International Group Inc. v. London American International Corporation Limited, 664 F.2d 348 (2nd Cir., 1981).

In the *American International* case, *supra*, the district court had granted summary judgment in favor of a defendant in a trademark infringement case stating with respect to the marks there involved:

> "It is obvious that there is no possibility of confusion." 664 F.2d 348 at 350.

The Court of Appeals for the Second Circuit *reversed* citing this Court's ruling in *United States v. Diebold, supra*, 369 U.S. 654 and adding:

> "If the party opposing summary judgment 'generates uncertainty as to the true state of any material fact, the procedural weapon of summary judgment is inappropriate.' *Quinn v. Syracuse Model Neighborhood Corp.*, 613 F.2d 438, 444-45 (2d Cir. 1980)." 664 F.2d 348 at 351.

The *American International* court went on to point out that in trademark cases:

> "A variety of factors may be material in assessing the likelihood of confusion . . . the most pertinent of which, for our purposes here, are (1) the strength of the plaintiff's mark, (2) the degree of similarity between the two marks, (3) the proximity of the products or services, and (4) the defendants' good faith in adopting its mark." 664 F.2d 348 at 351.

Summary judgment being concerned exclusively with matters of law is a peculiarly inappropriate proceeding to determine the jurisdictional fact issues. *American International, supra*, 664 F.2d 348 at 351.

It was at all times Chesebrough's burden as a party moving for summary judgment to show absence of genuine issues concerning any material fact. *Adickes v. S. H. Kress*

and Company, 398 U.S. 144 at 157. Obviously, among the most basic of material facts in this declaratory judgment case, are those showing the existence *vel non* of a "justiciable controversy" upon which to predicate jurisdiction. Even assuming *arguendo* that the existence of such controversy may, in a proper case, be based upon "a real and reasonable apprehension" on the part of a plaintiff, of suit for infringement, this was not such a case. There were *no* undisputed facts even suggested in this case that Chesebrough entertained such apprehension in January 1980 or indeed at any other time. In any event, such facts being disputed could not have been determined by the District Court on a Motion for Summary Judgment.

Moreover the PTO and CCPA clearly do not share the District Court's view as to confusing similarity. The four year period of hotly contested proceedings in the PTO culminating in the ruling of the CCPA affirming summary judgment by the TTAB against Chesebrough, is totally repugnant to the proposition of law announced by the District Court as above noted. From the filing of the Opposition in 1975 until the ruling of the CCPA in 1980, the parties litigated in the TTAB the question of whether or not the proposed use of Chesebrough's mark MATCH would create a likelihood of confusion in view of Faberge's ownership of the registered mark MACHO. *Yet not once was it suggested either by Chesebrough or the TTAB or the CCPA that as a matter of law there could be no likelihood of confusion between MATCH and MACHO.*

It is obvious from a brief examination of the record of the TTAB in sustaining oppositions that an opposition may be sustained by the TTAB even where there are substantial facial differences between the applicant's mark and the opposer's mark. See, for example, the following selected reports of sustaining oppositions:

Proposed Mark	Opposer's Mark	Citation
Zeroxin-5	Zaroxolin	211 USPQ 1015
Do-Little Denim	Do Nothing	210 USPQ 682
Menard	Mennen	210 USPQ 492
Cypas	Cyclopasmol	210 USPQ 494
Zeroxin-5	Xerac	210 USPQ 494
Nutri-Rich	Nutro	209 USPQ 792
Review Master	Viewmaster	207 USPQ 624
Lauro	Yago Sant'Gria	204 USPQ 976
Hot Bug	Hot Shot	204 USPQ 941

One may rhetorically ask: If the conclusion of law now reached by the District Court below is a valid one, why was it not asserted by Chesebrough in a Motion to Dismiss the Opposition? The answer to that question is, we submit, that the conclusion reached in the District Court below and adopted and affirmed by the Court of Appeals below is invalid; not sustainable under any reasonable interpretation of the law; and would have been rejected out-of-hand if advanced by Chesebrough in the PTO or CCPA.

The "standings" of each of the parties in the PTO and subsequently in the CCPA were premisd on the proposition that the respective marks are at least sufficiently similar to warrant raising and litigating the issue of "likelihood of confusion". The ultimate proof of the allegations on that issue must, in our view, depend upon a determination of the *facts* involved. Such jurisdictional facts were, in effect, conceded by Chesebrough in the TTAB, and were strongly disputed by Faberge in the District Court. Thus, the issue of confusing similarity should not have been concluded in the Courts below by summary judgment even assuming *arguendo* that the District Court had subject matter jurisdiction.

The CCPA, as earlier noted, ruled that:

> "The grant of summary judgment [by the TTAB on November 30, 1978] has finally decided Chesebrough's *right to assert its counterclaim* [for cancellation of the registration of MACHO] thus precluding further consideration of that issue." 618 F.2d 776 at 779 (emphasis added). App. pp. 24 *et seq.* at p. 30.

Chesebrough's "right to assert its counterclaim" necessarily involves a determination that MATCH and MACHO are confusingly similar or at least negatives the proposition asserted by the District Court, namely, that as a matter of law such confusion cannot occur.

The language used by the CCPA concerning Chesebrough's "right to assert its counterclaim" is, we submit, another way of referring to what has been recently referred to by the CCPA, as a party's "standing" to initiate opposition or cancellation proceedings. Such "standing" exists only where the respective marks conflict. See *Lipton Industries, Inc. v. Ralston Purina Co.*, 670 F.2d 1024 at 1028 (CCPA, 1982).

It is clear from the CCPA ruling in *Chesebrough v. Faberge* that the TTAB dismissal of the petition to cancel in November of 1978 constituted *res judicata* that Chesebrough does have "standing", *i.e.*, that there *is* at least a possibility of confusion as between MATCH and MACHO. Such ruling also constitutes a strong indication that had the Opposition been permitted to continue, Faberge would have prevailed.

Stating the matter succinctly:

The CCPA has ruled that MACHO is confusingly similar to MATCH wherefore Chesebrough had standing to petition (albeit unsuccessfully) to cancel MACHO.

But the District Court has ruled that MATCH is *not* confusingly similar to MACHO wherefore Faberge is enjoined from opposing registration of MATCH.

The foregoing conflict between the rulings of the District Court and the CCPA illustrates clearly the wisdom and propriety of the *Merrick* rule. If that rule had been followed in this case, Faberge's initial motion to dismiss the District Court action would have been granted and the matters then pending in the PTO would not have been interrupted and would have long since been finally concluded.

IV.

The District Court Erred in Granting Declaratory Judgment Because Even Assuming There May Have Once Been a Justiciable Controversy, None Existed When the Motion for Summary Judgment Was Heard and Decided.

The Court of Appeals below attempted to justify its rejection of the *Merrick* rule by reference to its recent decision in *Societe de Conditionnement v. Hunter Engineering Co., Inc.*, 655 F.2d 938 (9th Cir., 1981). As earlier stated the *Societe* case is inapposite since it is a patent case and in any event did not affirm a *summary judgment* as was done in the case *sub judice*.

The attempted application of *Societe* to the case at bench makes manifest a still further error of the rulings below. In affirming the District Court's conclusion that a justiciable controversy existed by reason of the letter of August 25, 1975, the Court of Appeals ruled that the "justiciable controversy" requirements of the Declaratory Judgment Act were satisfied because when its application to register was opposed, Chesebrough had, so the Court below inferred, a "real and reasonable" apprehension that it would be subject to infringement liability if it used the mark MATCH.

Assuming, but by no means agreeing, that there was, in 1975 or 1976, any basis for such determination by summary

judgment, the requirements of the Declaratory Judgment statute still were not met in this case.

It is well established by this Court that the Declaratory Judgment requirement of a "justiciable controversy" is that such controversy must be shown to exist at the time of the hearing and not merely at the time of some antecedent transaction between the parties. See *Golden v. Zwickler*, 394 U.S. 103 at 110 (1969).

If Chesebrough ever had, as a result of the threatened opposition, any "real and reasonable apprehension" that it would be sued for infringement, that apprehension was at best, evanescent and existed, for a brief time, sometime in 1975 — perhaps as late as 1976. But the summary judgment hearing during which the District Court concluded that a "justiciable controversy" existed, was some four years later, *i.e.*, in January 1980. In the intervening four years Chesebrough, by its own admission, had not used the mark MATCH and any trademark rights which it may have had as a result of its minimal usage in 1975 are presumed, *prima facie*, to have been abandoned, 15 U.S.C. Sec. 1127. Thus, any apprehension of suit for infringement which Chesebrough contends it had initially, had, by the time of the 1980 hearing, evaporated and was no longer "real" nor "reasonable".

The situation here is closely analogous to the situations dealt with by this Court in *Steffel v. Thompson*, 415 U.S. 452 (1974) and *Ellis v. Dyson*, 421 U.S. 426 (1975).

In *Steffel, supra*, the justiciable controversy giving rise to federal declaratory judgment jurisdiction was the enforceability of an ordinance purporting to prohibit the distribution of handbills. The Court of Appeals in *Steffel* denied declaratory relief on the grounds that the action for violation

of the subject ordinance was not still pending when the declaratory judgment action was filed.

This Court reversed the Court of Appeals in *Steffel*, but in remanding the case gave specific instructions that on remand the District Court should:

> ". . . determine if subsequent events have so altered petitioner's desire to engage in handbilling at the shopping center that it can no longer be said that this case presents 'a substantial controversy, between the parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.' " (citations omitted) 415 U.S. 452 at 460.

Similarly in *Ellis, supra*, the controversy giving rise to federal declaratory judgment jurisdiction was the constitutionality *vel non* of an anti-loitering ordinance of the City of Dallas. By the time of the hearing it appeared that the counsel for the declaratory judgment plaintiffs had not been in touch with their clients for approximately a year and were unaware of their whereabouts.

On the basis of the above facts this Court remanded the case to the District Court to determine if the controversy was still alive. In so doing, this Court said:

> ". . . we possess greater reservations here than we did in *Steffel* as to whether a case or controversy exists today."

and observed:

> ". . . [I]f petitioners no longer frequent Dallas, it is most unlikely that a sufficiently genuine threat of prosecution for possible future violations of the Dallas ordinance could be established." 421 U.S. 426 at 434.

Clearly in this case, whatever justiciable controversy may have existed in 1975 had expired in January 1979 when Faberge's motion to dismiss was first heard. Thus, under the rule announced by this Court in *Golden v. Zwickler*,

supra, 394 U.S. 103 at 110, the motion to dismiss should have been granted.

It also bears emphasis that in the *Societe* case, *supra* (655 F.2d 938) relied on by the Court of Appeals as justifying rejection of the *Merrick* rule, the District Court judgment was reversed and remanded with instructions to "re-evaluate the evidence" with respect to the alleged justiciable controversy.

In the case *sub judice* the Court of Appeals rejected the *Merrick* rule in favor of the "real and reasonable apprehension" rule set forth in *Societe*. Yet the Court of Appeals did not remand this case for an evidentiary hearing as was done in *Societe*.

This inconsistent ruling in the Court of Appeals below underscores the need for review by this Court.

CONCLUSION.

The Lanham Act was enacted in 1946 and has provided a uniform and carefully interrelated system of rules, both procedural and substantive, under which all phases of the adoption, registration, use and infringement of trademarks are regulated and, where necessary, adjudicated.

During the thirty-five years of operation under the Lanham Act the PTO has instituted a highly effective administrative Trademark Trial and Appeal Board (the TTAB) under which *inter partes* disputes relating to the adoption, registration, and cancellation of registration of trademarks are adjudicated. This Board is subject to appellate review by the CCPA and its trial jurisdiction is exclusive as to the matters which it is authorized to adjudicate. While appellate review of TTAB decisions is only optionally vested in the CCPA, once an appellant — as Chesebrough did here — has elected to obtain review by the CCPA, it may no longer

proceed by way of an action *de novo* in the District Court. See 15 U.S.C. Sec. 1071.

The TTAB is comprised of experienced Trademark Examiners and handles hundreds of trademark disputes each year. Under this system the TTAB has developed a high degree of expertise and efficiency in the trial of trademark matters. Additionally an extensive body of coherent case law, all keyed to the Lanham Act has been compiled as a result of TTAB and CCPA decisions.

In these circumstances the trial jurisdiction in the TTAB should not be inhibited in favor of jurisdiction in the District Courts without compelling independent jurisdictional grounds for doing so. None appears in this case.

The *Merrick* rule, we submit, is well reasoned, necessary and proper to protect the trial and appellate jurisdiction of the TTAB and the CCPA respectively to adjudicate *inter partes* disputes relating to *registration, i.e.*, Oppositions and Petitions to Cancel. Since the decisions of the Courts below expressly reject the *Merrick* rule, intervention of this Court is urgently needed to prevent undue and improper interference with the operations of the PTO under the Lanham Act and to prevent a growing influx of improvidently filed Declaratory Judgment actions in United States District Courts which are already suffering from an extreme overload of pending cases.

Issuance of the Writ is earnestly solicited.

Dated: June 15, 1982.

Respectfully submitted,

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